

MINUTES

LEGISLATIVE RESEARCH COMMISSION (LRC) ENERGY POLICY ISSUES

COMMITTEE MEETING

April 18, 2012

**Jeffrey Hudson, Staff
Energy Crop Pilot Project/Tax Credit**

This proposal has a number of "Whereas" clauses for the first several pages. These deal with the application of swine waste to energy crops. The chairman described basically what this is about in his opening remarks. The substance of the proposal would direct the Department of Agriculture and Consumer Services in consultation with an inter-agency group that was established to develop agronomic rates for the application of swine waste to various crops to administer a pilot project for determining agronomic rates for application of swine waste to three energy crops, giant reed, miscanthus and switchgrass. This would be in order to promote feed stock development and to help for data collection for the agronomic rate determinations. The pilot would allow up to a combined 15,000 acres of these three energy crops to be planted as part of the pilot project.

Section 3(b) of the proposal provides that such crops would be exempt from waste management plans approved by the Department of Environment and Natural Resources unless it is determined that the application of swine waste within the pilot project has caused or contributed to the violation of federal water quality standards. It then sets out the various application rates for swine waste which would be followed during the pilot project.

Section 3(c) and 3(d) deal with water quality considerations, one is that if swine waste application under the pilot project is shown to cause or contribute to a violation of federal water quality standards, then the rates that are set out under this pilot project, would no longer be eligible for those and have to revert to other agronomic rates. Also, Section 3(d) would provide for groundwater nitrate monitoring as part of the pilot project. The information developed in the pilot project would be used by the inter-agency group to determine agronomic rates for the application of swine waste.

Section 5 provides that there would be a report to the General Assembly and various commissions within the General Assembly from the Department of Agriculture and the inter-agency group regarding the pilot project.

Section 6 is the tax credit provision that the Chairman mentioned. This basically extends the tax credit for constructing renewable fuel facilities. Currently that tax credit is scheduled to expire January 1, 2013. This would extend the sunset out to January 1, 2015. This would become effective July 1 of this year and the pilot project would end effective December 31, 2017.